

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

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**Employer Identification Number:**

**Contact Person - ID Number:**

**Date: November 1, 2012**

**Contact Telephone Number:**

**LEGEND**

**UIL: 4945.04-04**

**X = Name  
Y= Name  
Z= Name**

**C= Name  
D = Name)**

**s= amount  
t= amount  
u dollars = amount  
w dollars-amount**

**Dear :**

We have considered your request for advance approval of your grant-making program under sections 4945(g)(1) and 4945(g)(3) of the Internal Revenue Code, dated August 3, 2011.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate three grant-making programs called X, Y and Z.

The purpose of X is to support student research leading to new or updated information leading to master's (MSc) or Doctoral (PhD) degrees and exceptional BS Honors or "BS Titulo" Projects.

The purpose of Y is to encourage outstanding students to pursue a course of study in C leading to a Professional Master or Master's Science (MSc), and/or PhD degree, at a recognized college/university. The recognized college/universities are those educational institutions, which maintain a regular

faculty, regular curriculum and offer an undergraduate major in C as well as those institutions offering a course of study leading to a Professional Masters or Masters of Science and/or PhD.

The purpose of Z is to provide students with funding to participate in conferences that focus on C in order to encourage students to pursue studies in C.

Announcements for X, Y and Z are publicized in the quarterly Newsletter of D, as well as on the D's website. D is a professional society with over 5000 worldwide members and over 1000 student members. D's membership represents a diverse mix of academic, government and industry employed professionals. Preference will be given to D's student members for awards. All awards are competitive, and based on merit and qualifications of the applicant.

### **Grant Procedures for X**

X is an international program and students in study programs throughout the world are eligible and encouraged to apply. These grants are for one year, and will typically be u dollars. You will award approximately t grants under X.

Eligibility requirements include the applicant must be enrolled in an accredited degree granting institution with a course of study in C. In addition, the proposed research project must have the support and approval of a faculty advisor.

Applicants must complete a multiple part application available on D's website. As part of the application, the applicant must describe what the project is, why the research is important and how it is to be done. In addition, a detailed estimate of expenses for the project must be included with the application. Moreover, there is an appraisal, which must be completed by the applicant's advisor who will electronically submit the appraisal directly to you by a specific deadline. Further, the applicant must provide you a letter from any property owners if the field research is conducted on private property. This is to verify the applicant has permission to conduct the study on the property and has been granted access to the area and any data required for successful completion of the project.

Your board of trustees, executive committee or your president will appoint the selection committee from D's diverse membership. Committee members are not eligible to apply for grants. In addition, it is very unlikely that members of the selection committee would have any knowledge of the potential recipients prior to or during the evaluation process. If a committee member would have a relative apply for a grant, the member would excuse himself/herself from the evaluation process.

The selection committee will evaluate each application and provide a score for each of the following:

1. General aspects of the presentation of the application.

2. Hypothesis or the definition of the problem.
3. Significance of the project.
4. Project plans.
5. Special circumstances.

The scores are totaled, averaged and ranked numerically by the committee chair. Once the selection committee concludes the evaluation and selection process, the selection committee will submit the recipients' names to your administrative personnel who will notify the recipients.

The grant funds are disbursed directly to the recipient along with guidelines for use of the funds. The recipient is expected to use the grant prudently within the framework of the proposal. In addition, the advisor who completed the recipient's appraisal must verify his/her support in the research project and agrees to make a reasonable effort to ensure funds are used for the expenses projected in the application. All funds are to be expended in the calendar year awarded. If there is a significant modification to the project or budget, the recipient must notify the selection committee chair.

The recipient is required to provide a year-end accounting of how the award was spent along with receipts and a brief summary describing the research project's status and if there are any plans for ongoing research. Recipients who have been approved for extensions beyond the calendar year in which the funds were awarded must annually or upon completion of the project whichever is sooner provide receipts for the project.

Recipients may apply for another award in subsequent years but must qualify on a competitive basis with new applicants. A maximum of two awards for MSc projects and three for PhD projects are allowed.

If a recipient fails to use the award for the stated purpose, you will notify the recipient and/or his advisor for the repayment of funds. You will vigorously pursue reimbursement of grant funds if it is determined that funds were inappropriately used by the grantee.

The final obligation of a grant recipient, upon completion of the research, is to submit a brief (250 word) abstract, suitable for publication, describing findings and conclusions of the research.

### **Grant Procedures for Y**

Y is an international program for students entering graduate school following completion of a Bachelor of Science (BS) degree or equivalent in C. Moreover, students enrolled in their first year of graduate studies are also eligible. You will award t fellowships, up to w dollars each year and these are not renewable.

In order to be eligible, applicants must:

1. Have completed or are in the process of completing a BS or equivalent degree in C or related field.
2. Have been accepted or are in the process of being accepted as a first year graduate at a recognized college or university which offers a graduate program leading to an MSc and/or PhD in C or be currently enrolled as a full time first year student in a graduate program at a recognized college or university which offers a graduate program leading to an MSc and or PhD in C.

Instructions and the application along with reference forms are found on D's website. To apply, the following must be prepared and submitted by a specified due date:

1. A current application form.
2. One reference form completed by the applicant's undergraduate advisor or the head of the department who will electronically forward the reference to you.
3. One reference form completed by a faculty member familiar with the applicant's academic record and character who will also electronically forward the reference form to you.
4. An official transcript of grades from the institution awarding the BS degree.

It is the applicant's responsibility to ensure the references and transcripts are sent before the deadline. Moreover, you will notify the applicant when the materials are received.

Your board of trustees, executive committee, or your president will appoint the selection committee from D's diverse membership. Committee members are not eligible to apply for grants. It is very unlikely that members of the selection committee would have any knowledge of the potential recipients prior to or during the evaluation process. If a committee member would have a relative apply for a grant, the member would excuse himself/herself from the evaluation process.

Once the applications are received, the application packages are distributed to members of the selection committee. Each application is reviewed by at least three members of the selection committee. The members of the selection committee will score the applications on the following criteria:

1. Quality of the application
2. Quality of the applicant
3. Biographical information
4. References
5. Desirability of fellowship and need for funding
6. Project plans
7. Special circumstances

The scores are totaled, averaged, and ranked numerically. The amount of funding available in any year determines the cut off for the successful applicant.

Once the evaluation process is concluded, the selection committee chair submits the names of the recipients directly to your administrative personnel who are responsible for notifying the recipients and arranging for distribution of funds.

Grant funds are disbursed directly to recipients. Before funds are disbursed, the recipient must provide you the following documents:

1. Proof that he/she has been accepted at a graduate school with a program of study in C or currently enrolled as a graduate student in such a program.
2. A letter from a faculty member in the department in which the recipient will be studying or is studying to insure the recipient is pursuing a course of studying C as described above.

If a recipient fails to use the award for the stated purpose, you will notify the recipient and/or his advisor for the repayment of funds. On the first anniversary of the award, a recipient must submit appropriate documentation of grant fund expenditures, which will be kept on file in your office. In addition, the fact that recipients are currently enrolled in a graduate degree granting program and pursuing a graduate degree in C under the supervision of a faculty member is evidence the funds are being used for its intended purpose.

#### Grant Procedures for Z

Z is an international program to encourage students to pursue studies in C by funding their travel to participate in educational conferences concerning developments in C. The amount and number of grants awarded is variable.

In order to apply for B, students must electronically submit a letter of intent including:

- An abstract of any research findings.
- A résumé.
- Contact details of at least one reference or supervisor familiar with the applicant's research.
- A narrative on how the conference will benefit the applicant in his/hers studies and/or career.
- A narrative on what the applicant believes he/she will contribute to the meeting that will be of interest to the other attendees.
- The anticipated cost of the applicant's airfare to the conference location.

There is no standing selection committee for this program. You will appoint an ad hoc selection committee from the conference organizing committee in

advance of the scheduled conference for which these grants are awarded. It is very unlikely that members of the selection committee would have any knowledge of the potential recipients prior to or during the evaluation process. If a committee member would have a relative apply for a grant, the member would excuse himself/herself from the evaluation process.

Preference for the student travel grants is given to student members of D and is given to those who will present posters or talks. However, students, typically undergraduates unable to present research will be evaluated based on their narratives in the applications describing how the conference would benefit their studies and/or careers and what they will contribute to the meeting that will be of relevance to the other attendees.

The selection committee will use the following evaluation criteria in selecting recipients of travel grants:

- Has the student submitted a proposed poster/oral presentation and or abstract/summary of research findings?
- What is the quality of the proposed poster/oral presentation and or summary of research findings?
- What is the strength of the faculty reference?
- If the applicant is an undergraduate without a research project, has he/she adequately explained how attendance/participation in the conference would benefit his/her academic career development.
- What will the undergraduate student be able to contribute to the conference that will benefit other student participants?
- Is the student a member of D?

If the applicant is awarded a grant, he/she will be notified shortly after the deadline. At that time, the recipient must register for the conference. The recipient must also inform you if a formal letter of invitation is needed from you to obtain a visa to enter the United States. As soon as the recipient confirms that he/she can visit the United States, you will transfer the funds to the recipient.

The fact that the recipient is present at the conference establishes that the grant was used for its intended purpose. If a recipient fails to use the award for its stated purpose, you will notify the recipient to return the funds awarded. You will also vigorously pursue reimbursement of grant funds if the funds were used inappropriately.

In compliance with recordkeeping requirements under Section 4945(d)(3) for all three of these programs, you have agreed to maintain records that include:

- a. Information used to evaluate the qualifications of potential grantees;
- b. Identification of the grantees to include the amount and purpose of each grant; and

- c. All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

To ensure that the foreign expenditure of grants is not diverted to support terrorism or the non-charitable activities, you have adopted the following practices:

- ❖ You will monitor and follow the Office of the Foreign Asset control guidelines with respect to embargoed countries, where comprehensive U.S. sanctions exist; grants are not awarded to student applicants in those countries;
- ❖ You will conduct due diligence in advance of grant making that includes verification that the potential student recipient is currently enrolled as a full-time student at a "recognized college or university";
- ❖ You will include provisions in the grant notification letter on how the grant is to be used to ensure grants are used for the intended purposes;
- ❖ You do not plan to award repeat grants to the same foreign grantees. A foreign grantee would have to apply for a second grant and would be subject to the same due diligence as applied to the first grant;
- ❖ You will require all grant documents, including related significant correspondence, to be in English;
- ❖ You will only disburse grant funds by check or electronic funds transfer; no grant funds are disbursed in cash.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant, which is subject to provisions of section 117(a) (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);

- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed, with a view to providing objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of sections 4945(g)(1) and 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of sections 4945(g)(1) and 4945(g)(3) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the



standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Holly O. Paz  
Director, Exempt Organizations  
Rulings and Agreements